

CONCORDIA UNIVERSITY

BOARD OF GOVERNORS

CONCORDIA EMPLOYEE BENEFITS COMMITTEE

Meeting of Monday, February 14, 1983

Attendance: Chairman, Mr. G. Fisher, Prof. L. Bessner, Dr. J. Daniel,
Prof. G. Martin, Prof. R. Ripstein, Ms. S. O'Reilly,
Mr. Bruce Smart, Mr. M. Hamilton of William M. Mercer Ltd.

Regrets: Mr. C. Waters, Mr. M. Bourgault, and Mr. R. Groome

Approval of Agenda

The Chairman noted that the approval of minutes of the last meeting should be added to the agenda. Miss Johnson asked that Health Insurance Premium be added under Other Business. It was moved by Mr. Smart, seconded by Prof. Ripstein that the revised agenda be accepted.

Minutes of the Meeting of January 24, 1983

Prof. Martin moved that the minutes be approved as submitted, the motion was seconded and unanimously carried. Prof. Martin requested that the minutes of this meeting record that the document tabled for the Board was intended to provide a summary of decisions taken in the past relating to the Loyola Pension Plan. This report was provided in response to a request from a Board member.

Miss Johnson noted that Mr. Waters had requested that Mr. Smart vote on his behalf with respect to any decision relating to Loyola Past Service. The matter of proxy votes was discussed and Committee quorum was reviewed. It was agreed that the Committee would not change procedures to include proxy votes. The Chairman noted that if tie breaking votes were ever required on a vital issue a telephone survey would be undertaken.

Loyola Past Service

Miss Johnson asked Mr. Hamilton to review the questions enunciated in the letter dated February 2, 1983.

Mr. Hamilton noted that the first question to be answered related to the definition of a "fair benefit" for employees of Concordia. Should benefits be uniform for each year of contribution to any pension plan of either of the founding institutions?

Mr. Smart noted that he and Mr. Waters share the view that in reviewing equity with respect to several years of past service requires funding and there are only two or three possible sources, the government, the University or the surplus in the Pension Plan. It would be nice for all employees to get 2% of

their terminal salaries regardless of their original institution of affiliation but there has to be equity in the source of funding.

Mr. Hamilton remarked that equity of funding and contribution presents other questions in that Concordia has been contributing more for Sir George past service than for Loyola. Asset growth is also skewed in favour of Sir George in that the past Loyola assets are, to a large extent, locked up in a group annuity contract.

The Chairman noted that if the Committee reaches a consensus on the policy question the explanation of fairness or equity must be satisfactory to the Committee. Consensus raises technical questions.

Mr. Hamilton noted that question two (2) addresses the prior contributory versus non-contributory status of employees. Should there be uniform pension benefit for each year of employment by a founding institution regardless of whether or not the employee contributed to a pension plan? Does this question depend upon the reason for non-contribution these being:

- a) the employee could have contributed but chose not to;
- b) the employee was ineligible to contribute by reason of occupation (e.g. non-academic staff at Sir George prior to 1970);
- c) the employee was ineligible to contribute until the commencement of a new pension plan anniversary date (It was common at one time to have new entrants join on a certain date.);
- d) there was no plan in existence at the time (Sir George prior to 1963, Loyola prior to 1950 or 1960, depending on whether the Pension Trust arrangement is considered a pension plan.)

Should service after some specific date be recognized for this purpose? (For example January 1, 1963.) Presumably the uniform benefit for non-contributory service will be that now enjoyed by the non-contributory members of the Concordia Plan.

The Chairman noted that these questions are perhaps less difficult to resolve than the first ones. Given what the Committee considers to be just; a policy decision must be made. In the case of a) and b) it is not unusual for an employer to provide for some benefit improvement for employees who were previously ineligible. This could easily be determined as an arbitrary decision of the Committee.

Prof. Martin pointed out that there is a distinct difference between a) and b), that is, between employees who could have belonged and didn't and those who were not eligible.

Prof. Ripstein asked if we have any idea of the quantum involved. Mr. Hamilton replied that we have not attempted to determine the numbers.

The Chairman pointed out that thinking has changed considerably in the past few years, therefore a) and b) could be lumped together. With regards to c) and d) we should ignore any differences relating to the commence-

ment anniversaries and with d) we need only choose a starting date to recognize for service. Do we have a general consensus on these points.

Prof. Martin remarked that between 1961 and 1963 at Sir George the administration suggested to a significant group of people that they wait and join the Sir George plan rather than the "Y" plan.

Mr. Hamilton indicated we should give these people the option to contribute for their early years of service. The Chairman commented that this is a question we can address. Contributing employees are receiving a benefit over and above their contributions because the non-contributory benefits are coming from the University, there should be no problem with extending the non-contributory benefit to all employees.

Miss Johnson pointed out that the costs involved in extending this benefit would increase to 10 or 15 million. Mr. Smart noted that we are discussing equity in abstract and once we know the cost we can decide how much equity we can afford. We may have to work back year by year in order to give a little bit to everyone.

Mr. Hamilton noted that the next question addressed the various other groups to be considered for inclusion or exclusion.

- 1) Retired
- 2) Vested/Deferred
- 3) Survivors of deceased retired employees
- 4) Terminated members who weren't vested but could have been had these improvements been made earlier
- 5) Non-members, employees who were not in the plan but would have been had the plan been non-contributory.

The Chairman noted this should not be difficult to weed out, most pension plans consider only current active employees and we can work up a list of priorities ignoring all former employees who resigned prior to retirement.

Mr. Smart remarked that we should not attempt to bring the retired group up to the modern levels of benefit.

The Chairman asked if there was a consensus with respect to future benefits not retroactive payments.

Prof. Martin expressed concern about some of the cuts particularly the retired group. Miss Johnson pointed out that in two of the previous ex-gratia exercises we looked specifically at the retired group and provided minimum benefits for past service. We have already made up for some of the inequities that existed within the retired group.

The Chairman pointed out that the question of funding still has to be addressed and how far back can we afford to take this review.

Mr. Hamilton noted that we must identify the cost of moving benefits to the position we feel is equitable and then ascertain what we can afford.

The Chairman noted we now have several categories to be costed and Committee will have to review these costs before arriving at a recommendation. Do we have the costs attached to the draft resolution?

Mr. Hamilton replied that we should do the costing separately for the main identifiable groups. We should be sure these are the members we should be looking at.

Prof. Martin noted that the group who had no choice to enter the pension plan should be identified and costed separately from those who had an opportunity to join but chose not to.

Mr. Hamilton agreed to provide figures for the March 14th meeting.

Miss Johnson pointed out that we must have an investment review at the next meeting. It was agreed that the meeting on March 14th would commence at 10:00 a.m.

Employee Benefit Statements

Miss Johnson reported on progress in the preparation of benefit statement data. We are progressing well along our critical path schedule, however, two due dates are necessary, the earliest May 1st and May 27th the latest. There are three factors which we have to take into account:

- 1) The programmer who wrote our programme has left the University
- 2) There are two significant salary adjustments which must be fed into the December 1982 data tape
 - a) The interim faculty adjustment (700 participants)
and
 - b) The average salary for unionized groups (400 participants)
- 3) The actuarial student at Mercers, who normally handles our benefit statement data, will be writing exams.

We will still endeavour to deliver at the earliest May 1st.

Health Insurance Premium

Miss Johnson advised the Committee that the fiscal year-end financial data was not yet available for 1982 and the information provided was based upon the period ended September 30th.

This will not change the fact that our Health Insurance liability is remaining in excess of premiums collected. The deficit is \$105,000.00 and Confederation Life is getting more concerned that we should pay down the deficit with current premiums collected. This is the third year we have faced an increase but there is no question our population is a high liability group. Two questions must be addressed:

- 1) What do we do with respect to the suggested premium increase?
- 2) Should we look at the possibility of review and/or marketing of the Health Insurance plan?

The current premiums are \$1.75 per month single and \$6.14 per month family. The active employees and the University share the premium equally. Confederation Life has requested an effective date of March first which is out of the question. If the Committee can come to a consensus April first would be the earliest possible effective date.

Mr. Hamilton added that there are two factors to be considered; claims are increasing by leaps and bounds with frozen deductibles and runaway medical expenses and despite previous increases in premium the policy is still running at a deficit. Drug expenses increase at a rate in excess of C.P.I. and claims are increasing at 25% per year which means that premiums must increase by a similar amount. The Committee has to decide whether Concordia should stay with Confederation Life or move to another carrier. The Committee must decide the moral and ethical thing to do in this regard, is this the way you want to conduct business as an institution.

Mr. Smart asked if the ratio, between the single and family premium, is appropriate. Mr. Hamilton replied that the data would have to be studied.

Mr. Smart noted that tomorrow's employees will pay for yesterday's claims if we permit the deficit to run over many years. We should start to pay it off as soon as possible.

The Chairman reminded members that we knew about the deficit a year ago and we should not put off payment toward the deficit any longer.

Mr. Smart moved that the premiums be increased by 30%, the motion was seconded by Howard Ripstein and unanimously carried.

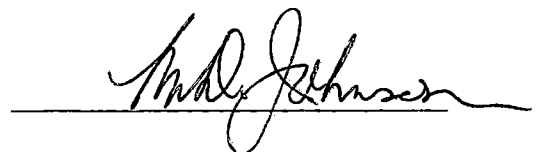
Miss Johnson noted that there are limitations built into the policy which may not be realistic any longer. Examples are non-medical practitioners, physiotherapists, chiropractors, etc. and the coverage is presently limited to \$15.00 per visit with annual maximums. We should review these sometime this year.

Prof. Martin asked what it would cost to improve these benefits. Mr. Hamilton replied that we could put forward a counter-proposal to increase the rates at 35% with the provision that the coverage limits will be reviewed and increased.

The Chairman proposed that we accept the proposed increase in premiums and ask the administration to prepare the increased coverage proposals for discussion at a later date.

The Committee agreed to this proposal and the meeting adjourned.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Andy Johnson", is written over a horizontal line.